

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
ORLANDO DIVISION  
www.flmb.uscourts.gov**

**In re:**

**CASE NO.: 6:18-bk-01339-CCJ  
CHAPTER 11**

**M2 SYSTEMS CORPORATION**

**Emergency Hearing Requested on or before  
Thursday, March 15, 2018**

**Debtor.**

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**DEBTOR'S EMERGENCY MOTION FOR AUTHORITY  
TO PAY OFFICER AFFILIATE SALARIES  
AND REQUEST FOR EMERGENCY PRELIMINARY HEARING**

**M2 SYSTEMS CORPORATION**, a Florida corporation (the "Debtor" or "M2"), by and through its undersigned counsel, moves pursuant to 11 U.S.C. §§ 105(a), 363(b), 507(a) and Local Rule 2081(f)(6) for authority to pay officer affiliate salaries (the "Motion"), and requests an emergency preliminary hearing on or before March 15, 2018 to consider the relief requested herein. In support of the Motion, Debtor states as follows:

**Jurisdiction, Venue and Procedural History**

1. On March 12, 2018 (the "Petition Date"), the Debtor filed its petition for relief under Chapter 11 of Title 11 of the United States Code ("Code"). No trustee has been appointed and the Debtor continues to operate its business and manage its property as a debtor-in-possession under §§ 1107 and 1108 of the Code.

2. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b).

**Description of Debtor's Business and Officers' Duties and Salary**

3. As more particularly set forth in the Debtor's Case Management Summary, the Debtor is a privately held Florida corporation which specializes in developing, marketing and implementing transaction technologies for the healthcare, transportation, financial, and telecommunications industries, among others.

4. As of the Petition Date, the Debtor employs (21) salaried employees (the "Salaried Employees"), which figure includes Joseph W. Adams (CEO/Director and 33.00% shareholder); and Michael A. Muscato (Chairman/Director and 67.00% shareholder) (hereinafter collectively referred to as the "Officer Affiliates"). The Officer Affiliates have been, and remain, responsible for all strategic decisions of the Debtor, including but not limited to, product development, purchasing, and marketing. The Officer Affiliates also oversee Debtor's financial, operational and management needs.

5. Due to the important role they occupy with the Debtor, the Officer Affiliates are vital to M2's successful reorganization.

**Officer Compensation**

6. In the immediate twelve months (12) months prior to the Petition Date, the Officer Affiliates received salaries in the amounts listed below:

<b><u>Officer</u></b>	<b><u>Title</u></b>	<b><u>Approximate 12 Month Compensation</u></b>
Joseph W. Adams	CEO	\$162,000.00
Michael A. Muscato	Chairman/Director	\$162,000.00

7. The Officer Affiliates reduced their compensation beginning in 2018 to \$150,000.00 (Mr. Adams) and \$105,000.00 (Mr. Muscato). These figures represent gross amounts prior to federal withholding and payroll taxes.

**Relief Requested**

8. Debtor seeks authority to continue to pay the Officer Affiliates their current 2018 salaries as compensation for their managerial services. The salaries earned by the Officer Affiliates are scheduled to be paid in the ordinary course of business on March 22, 2018, and will be paid bi-weekly thereafter.

9. The compensation paid to the Officer Affiliates is their only source of active income, which is necessary to support their families and maintain their health insurance coverage. It is believed that the compensation structure for the Officer Affiliates is in line with the marketplace based on the respective functions performed and based on companies with \$3,000,000 in gross revenue.

10. Without the Officer Affiliates' work on behalf of the Debtor, there would be no business to reorganize. Their continued service, and the Debtor's ability to compensate the Officer Affiliates, is therefore necessary to an effective reorganization. Furthermore, compensation to the Officer Affiliates will only be paid after all other operating expenses have been paid, and if insufficient funds are available to make such payments, no payments will be made and unpaid amounts will not accrue.

11. It is respectfully submitted that the compensation of the Officer Affiliates as set forth in this motion is reasonable in light of the compensation received prior to the bankruptcy

filing, the services rendered as compared to similar services in the marketplace, and the nature of the duties being performed by the Officer Affiliates.

**WHEREFORE**, the Debtor respectfully requests this Court enter an order authorizing it to pay the Officer Affiliates their salaries for post-petition services rendered, and for such other and further relief as the Court deems appropriate.

**RESPECTFULLY SUBMITTED** this 14<sup>th</sup> day of March, 2018.

/s/ R. Scott Shuker

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**M2 SYSTEMS CORPORATION**

**Debtor.**

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true copy of the Debtor's **DEBTOR'S EMERGENCY MOTION FOR AUTHORITY TO PAY OFFICER AFFILIATE SALARIES** has been furnished either electronically or by facsimile and by U.S. First Class, postage prepaid mail to: **M2 Systems Corporation**, c/o Joseph W. Adams, 500 Winderley Place, Suite 226, Maitland, Florida 32755-1000; **Indoor Billboard Northwest, Inc.**, c/o Marcadis Singer, P.A., 5104 S. Westshore Blvd., Tampa, Florida 33611, the twenty largest unsecured creditors as shown on the matrix attached hereto, and the U.S. Trustee, 400 W. Washington Street, Suite 1100, Orlando, Florida 32801, this 14<sup>th</sup> day of March, 2018.

/s/ R. Scott Shuker

R. Scott Shuker, Esq.

Label Matrix for local noticing  
113A-6  
Case 6:18-bk-01339-CCJ  
Middle District of Florida  
Orlando  
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(u)Cynthia C. Jackson +  
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